



Cornered Audio ApS

Farum Gydevej 65, 1.
3520 Farum
CVR no. 32 83 45 15

Annual report for 2022

Adopted at the annual general meeting on 4 July 2023

Hans Viggo Madsen
chairman

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Statement by management on the annual report

The supervisory board and executive board have today discussed and approved the annual report of Cornered Audio ApS for the financial year 1 January - 31 December 2022.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2022 and of the results of the company's operations for the financial year 1 January - 31 December 2022.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Farum, 4 July 2023

Executive board

Hans Viggo Madsen
CEO

Supervisory board

Finn Halken
chairman

Steen Ulf Jensen

Hans Viggo Madsen

Mogens Bjørn Jacobsen

Jens Løppenthien

Peter Zachariassen

Independent auditor's report

To the shareholder of Cornered Audio ApS

Opinion

We have audited the financial statements of Cornered Audio ApS for the financial year 1 January - 31 December 2022, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2022 and of the results of the company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements, that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent auditor's report

Statement on management's review

Management is responsible for management's review.

Our opinion on the financial statements does not cover management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.

Roskilde, 4 July 2023

Boreco
Statsautoriseret revisionspartnerselskab
CVR no. 36 07 49 81

Simon Daniel Elvemand
state authorized public accountant
MNE no. mne45890

Company details

The company

Cornered Audio ApS
Farum Gydevej 65, 1.
3520 Farum

Telephone: 43661088

Website: www.cornered.dk

CVR no.: 32 83 45 15

Reporting period: 1 January - 31 December 2022

Incorporated: 12 marts 2010

Financial year: 13rd financial year

Domicile: Farum

Supervisory board

Finn Halken, chairman
Steen Ulf Jensen
Hans Viggo Madsen
Mogens Bjørn Jacobsen
Jens Løppenthien
Peter Zachariassen

Executive board

Hans Viggo Madsen

Auditors

Boreco
Statsautoriseret revisionspartnerselskab
Vindingevej 10
4000 Roskilde

Management's review

Business review

The company's purpose is to operate with the development, production and sale of speaker systems and related products.

Recognition and measurement uncertainties

The recognition and measurement of items in the annual report is not associated with any uncertainty.

Unusual matters

The company's financial position at 31 December 2022 and the results of its operations for the financial year ended 31 December 2022 are not affected by any unusual matters.

Financial review

The company's income statement for the year ended 31. december 2022 shows a profit of DKK 36.617, and the balance sheet at 31 December 2022 shows equity of DKK 1.345.772.

During the year, the company recognized compensation in connection with Covid-19, for a total sum of DKK 32 thousand. See note 1 for specification.

Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Accounting policies

The annual report of Cornered Audio ApS for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act for class B entities, as well as provisions applying to reporting class C entities.

The accounting policies applied are consistent with those of last year.

The annual report for 2022 is presented in DKK

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less costs of raw materials and consumables and other external expenses.

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

Accounting policies

Expenses for raw materials and consumables

Costs of raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

Other operating income

Other operating income comprises items of a secondary nature relative to the company's activities.

Other external costs

Other external costs include expenses related to distribution, sale, advertising, administration, premises, bad debts etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Tax on profit/loss for the year

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

Development projects, patents and licences

Development projects recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually five years.

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining patent period, and licences are amortised over the term of the licence, however not more than five years.

Accounting policies

Tangible assets

Items of plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life	Residual value
Andre anlæg, driftsmateriel og inventar	5-10 years	0 %

Gains or losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses, respectively.

Other investments

Deposits are measured at cost.

Stocks

Stocks are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

The net realisable value of stocks is calculated as the expected selling price less direct costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Accounting policies

Cash and cash equivalents

Cash and cash equivalents comprise cash and deposits at banks.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the net proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities, which include trade receivables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Income statement 1 January - 31 December

	<u>Note</u>	<u>2022</u> DKK	<u>2021</u> DKK
Gross profit		1.188.376	1.555.740
Staff costs	2	<u>-595.720</u>	<u>-576.593</u>
Profit/loss before amortisation/depreciation and impairment losses		592.656	979.147
Depreciation, amortisation and impairment of intangible assets and equipment		<u>-211.405</u>	<u>-299.122</u>
Profit/loss before net financials		381.251	680.025
Financial costs		<u>-331.251</u>	<u>-317.139</u>
Profit/loss before tax		50.000	362.886
Tax on profit/loss for the year	3	<u>-13.383</u>	<u>-65.947</u>
Profit/loss for the year		<u>36.617</u>	<u>296.939</u>
Transferred to reserve for development expenditure		-24.713	0
Retained earnings		<u>61.330</u>	<u>296.939</u>
		<u>36.617</u>	<u>296.939</u>

Balance sheet 31 December

	Note	2022 DKK	2021 DKK
Assets			
Completed development projects		332.778	247.849
Acquired patents		33.677	23.292
Development projects in progress		0	116.613
Intangible assets	4	366.455	387.754
Other fixtures and fittings, tools and equipment		0	44.354
Tangible assets	5	0	44.354
Deposits	6	38.400	38.400
Fixed asset investments		38.400	38.400
Total non-current assets		404.855	470.508
Finished goods and goods for resale		4.030.417	3.604.578
Stocks		4.030.417	3.604.578
Trade receivables		704.209	630.677
Other receivables		105.521	58.515
Deferred tax asset		895.857	909.240
Prepayments		0	121.535
Receivables		1.705.587	1.719.967
Cash at bank and in hand		14.730	117.407
Total current assets		5.750.734	5.441.952
Total assets		6.155.589	5.912.460

Balance sheet 31 December

	<u>Note</u>	<u>2022</u> DKK	<u>2021</u> DKK
Equity and liabilities			
Share capital		418.457	381.055
Reserve for development expenditure		259.567	284.280
Retained earnings		<u>667.748</u>	<u>-200.676</u>
Equity		<u>1.345.772</u>	<u>464.659</u>
Subordinate loan capital		487.650	594.608
Other payables		<u>430.000</u>	<u>430.000</u>
Total non-current liabilities	7	<u>917.650</u>	<u>1.024.608</u>
Banks		1.775.506	1.662.676
Trade payables		1.306.866	1.588.202
Other payables		<u>809.795</u>	<u>1.172.315</u>
Total current liabilities		<u>3.892.167</u>	<u>4.423.193</u>
Total liabilities		<u>4.809.817</u>	<u>5.447.801</u>
Total equity and liabilities		<u>6.155.589</u>	<u>5.912.460</u>
Special items	1		
Rent liabilities	8		
Mortgages and collateral	9		

Statement of changes in equity

	Share capi- tal	Share pre- mium acco- unt	Reserve for develop- ment ex- penditure	Retained earnings	Total
Equity at 1 January 2022	381.055	0	284.280	-200.676	464.659
Increase of capital by conversion of debt	9.883	184.616	0	0	194.499
Cash capital increase	27.519	622.478	0	0	649.997
Net profit/loss for the year	0	0	-24.713	61.330	36.617
Transfer from share premium account	0	-807.094	0	807.094	0
Equity at 31 December 2022	418.457	0	259.567	667.748	1.345.772

Notes

	<u>2022</u> DKK	<u>2021</u> DKK
1 Special items		
As mentioned in the management's report, the profit for the year before tax was positively affected by DKK 32 thousand as a result of compensation on Covid-19. These revenues differ from what management considers to be part of the primary operations, and are therefore included in this note. The income is shown under gross profit in the income statement.		
Compensation received in connection with Covid-19	31.583	0
	<u>31.583</u>	<u>0</u>
2 Staff costs		
Wages and salaries	635.969	592.871
Other social security costs	6.838	8.401
Other staff costs	54.581	47.321
	<u>697.388</u>	<u>648.593</u>
Transfer to development costs	-101.668	-72.000
	<u>595.720</u>	<u>576.593</u>
Average number of employees	<u>1</u>	<u>2</u>
3 Tax on profit/loss for the year		
Deferred tax for the year	13.383	65.947
	<u>13.383</u>	<u>65.947</u>

Notes

4 Intangible assets

	Completed devel- opment projects	Acquired patents	Development pro- jects in progress
Cost at 1 January 2022	1.432.429	80.460	116.613
Additions for the year	129.321	16.430	0
Transfers for the year	116.613	0	-116.613
Cost at 31 December 2022	<u>1.678.363</u>	<u>96.890</u>	<u>0</u>
Impairment losses and amortisation at 1 January 2022	1.184.580	57.168	0
Amortisation for the year	161.005	6.045	0
Impairment losses and amortisation at 31 December 2022	<u>1.345.585</u>	<u>63.213</u>	<u>0</u>
Carrying amount at 31 December 2022	<u>332.778</u>	<u>33.677</u>	<u>0</u>

In 2022 we finalized four R&D Projects:

A C12S passive subwoofer for the commercial market. A scaled down version of our C15NC subwoofer, the C15i. Upgraded and improved crossovers for all our C series and TRM models. Designing and bringing to market a new LS2 model.

In addition, the following R&D projects were initialized and still running:

Designing an active subwoofer for commercial installation, two active subwoofers for residential installation and a new speaker series aimed towards the residential installation market.

5 Tangible assets

	Other fixtures and fittings, tools and equipment
Cost at 1 January 2022	<u>507.251</u>
Cost at 31 December 2022	<u>507.251</u>

Notes

	<u>Other fixtures and fittings, tools and equipment</u>
Impairment losses and depreciation at 1 January 2022	462.897
Depreciation for the year	<u>44.354</u>
Impairment losses and depreciation at 31 December 2022	<u>507.251</u>
Carrying amount at 31 December 2022	<u><u>0</u></u>

Notes

6 Fixed asset investments

	<u>Deposits</u>
Cost at 1 January 2022	38.400
Cost at 31 December 2022	<u>38.400</u>
Carrying amount at 31 December 2022	<u><u>38.400</u></u>

7 Long term debt

	<u>Debt at 1 January 2022</u>	<u>Debt at 31 De- cember 2022</u>	<u>Instalment next year</u>	<u>Debt out- standing af- ter 5 years</u>
Subordinate loan capital	594.608	487.650	0	0
Other payables	<u>430.000</u>	<u>430.000</u>	<u>0</u>	<u>0</u>
	<u><u>1.024.608</u></u>	<u><u>917.650</u></u>	<u><u>0</u></u>	<u><u>0</u></u>

8 Rent liabilities

	<u>2022 DKK</u>	<u>2021 DKK</u>
Rent liabilities, 6-month period of interminability	<u>38.400</u>	<u>38.400</u>

9 Mortgages and collateral

As security for bank debts, the company has granted charges of DKK 1.800 thousand on raw materials, consumables and simple claims under the rules on company charges (floating charge). The carrying amount of assets comprised by the company charge is DKK 4.735 thousand at 31/12-2022.